

Message Text

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ACTION EB-11

INFO OCT-01 DRC-01 ISO-00 COME-00 AGR-20 TRSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 AF-10 ARA-16 EA-11 EUR-25

NEA-10 OIC-04 L-03 PA-03 PRS-01 USIA-15 OMB-01 CIEP-02

STR-08 SS-15 NSC-10 IO-13 /191 W

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R 071734Z SEP 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3863

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E.O. 11652: N/A

TAGS: EGEN

SUBJECT: COFFEE: EXECUTIVE BOARD MEETING, SEPTEMBER

5-6

REF: LONDON 6510; LONDON 7783; LONDON 7784

1. SUMMARY - SEPTEMBER 5TH AND 6TH MEETING OF ICO
EXECUTIVE BOARD DOMINATED BY DISCUSSION OF STATISTICS
AND STUDIES FOR EXTENDED INTERNATIONAL COFFEE AGREE-
MENT. COLOMBIAN PROPOSAL TO BLOCK CONTINUATION OF ICO
INDICATOR PRICE SYSTEM DEFEATED; WHILE DECISION ON THEIR
PROPOSAL USE BROOKINGS INSTITUTE TO MAKE
MAJOR STUDY DEFERRED AFTER DEBATE THAT STRONGLY INDICATED
PROPOSAL DOOMED. BUDGET RECOMMENDATION ALSO ADOPTED
AFTER SOME CRITICISM BY CONSUMING AND PRODUCING
COUNTRIES. END SUMMARY.

2. ICO EXECUTIVE BOARD MET SEPTEMBER 5-6. AFTER DIS-
POSING OF ROUTINE AGENDA ITEMS, BOARD TURNED TO QUES-
TION OF SUPPLY OF STATISTICS TO ORGANIZATION AFTER
OCTOBER 1ST. PROPOSAL THAT EXECUTIVE DIRECTOR CIR-
CULATE E.D. TO ALL MEMBERS OUTLINING STATISTICS THAT
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WILL BE REQUIRED AFTER OCTOBER 1ST WAS ACCEPTED WITHOUT

DISCUSSION OR DEBATE.

3. QUESTION OF INDICATOR PRICE SYSTEM DISCUSSED EXTENSIVELY. ISSUE AROUND WHICH DEBATE CENTERED RAISED BY COLOMBIA. ITS DELEGATE ARGUED THAT PRESENT SYSTEM INVOLVING COLLECTION OF DATA BY GEORGE PATON WAS UNSATISFACTORY. ULTIMATELY IT SHOULD BE REPLACED BY TOTALLY NEW SYSTEM. COLOMBIA BELIEVED THAT REPRESENTATIVES IN NEW YORK OF FOUR COFFEE PRODUCERS, BRAZIL, COLOMBIA, EL SALVADOR AND IVORY COAST SHOULD SUPPLY PRICE DATA FOR INDICATOR PRICES.

(WHEN COLOMBIAN DELEGATE DISCOVERED UGANDA HAD SALES OFFICE IN NEW YORK THAT COUNTRY ADDED TO LIST.)

4. OTHER PRODUCERS GAVE LITTLE SUPPORT THIS POSITION. EL SALVADOR SAID THEY DISSATISFIED WITH PATON'S "METHODOLOGY"; BRAZIL SAID THEY OPPOSED SYSTEM IN WHICH "CONSUMERS SUPPLIED PRICES", BUT IN LAST ANALYSIS THIS SUPPORT PRO FORMA AND EVANESCENT, PARTICULARLY AFTER CONSUMERS (US AND FRANCE) ASKED SOME OBVIOUS QUESTIONS, E.G. HOW COULD REPS OF COUNTRIES PROVIDE PRICE DATA ON COFFEE SUCH AS AMBRIZ, MEXICAN AND GUATEMALAN NOT PRODUCED IN ANY OF FIVE COUNTRIES. COLOMBIAN DELEGATE UNABLE ANSWER THESE QUESTIONS, BUT PERSISTED IN EFFORTS DEFER ANY BOARD DECISION.

5. EVENTUALLY WITH COLOMBIA EXPRESSING RESERVATION BRAZILIAN "COMPROMISE" ALONG FOLLOWING LINES ACCEPTED BY BOARD:

A. EXECUTIVE DIRECTOR WILL CONTINUE COLLECT AND PUBLISH INDICATOR PRICE DATA ON PRESENT BASIS AFTER OCTOBER 1.

B. STATISTICS WORKING GROUP WILL REMAIN IN BEING IN ORDER CONTINUE EFFORTS FIND BETTER INDICATOR PRICE SYSTEM THAN PRESENT ONE.

C. SOME PRODUCERS AND CONSUMERS WILL SUBMIT SUGGESTIONS AND INFORMATION TO WORKING GROUP FOR CONSIDERATION.

IN CONNECTION THIS LATTER POINT WORKING PAPER ON RESULTS OF MEASUREMENTS OF OTHER MILDS PRICES IN GERMAN MARKET LIMITED OFFICIAL USE

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CIRCULATED. THIS DEMONSTRATED PRICE TRENDS SIMILAR TO ICO INDICATOR PRICES AND ALSO ESTABLISHED THAT PRICES IN GERMAN MARKET NOT RPT NOT CONSISTENTLY HIGHER THAN IN US, AS HAD BEEN ALLEGED. GERMANS WILL CONTINUE SUPPLY THIS DATA TO ICO.

6. DEBATE ON PROPOSAL FOR BROOKINGS INSTITUTE STUDY ALSO SHOWED COLOMBIA LARGELY ISOLATED. PRINCIPAL GROUNDS

FOR OPPOSITION WAS LENGTH OF TIME AND COST OF STUDY.
OAMCAF, BELGIUM AND FRANCE POINTED TO INCOMPATIBILITY
OF STUDY WHICH WOULD TAKE ONE YEAR TO COMPLETE WITH
IDEA THAT NEGOTIATIONS FOR NEW AGREEMENT MUST BE COM-
PLETED BY SEPTEMBER 1974. UK AND GERMANY QUESTIONED
NEED FOR STUDY, WITH LATTER ARGUING THAT AGREEMENT
WOULD BE POSSIBLE IF "POLITICAL WILL" FOR IT EXISTED.

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ONLY CONSISTENT SUPPORT FOR COLOMBIA CAME FROM ZAIRE,
WHICH AT END OF MEETING SUBMITTED PAPER WHICH PRO-
POSED TERMS OF REFERENCE FOR STUDY. CONTENTS THIS
PAPER SUGGESTED THAT ZAIRE HAD NOT UNDERSTOOD SCOPE
OR PURPOSE OF COLOMBIAN PROPOSAL. BRAZIL'S ONLY INTER-
VENTION IN DEBATE WAS TO SUGGEST THAT "CONSUMER STUDY"
NOT ACCEPTABLE; INSTEAD STUDY SHOULD BE CARRIED OUT BY
SECRETARIAT. US THEN INTERVENED TO POINT OUT THAT
BROOKINGS INDEPENDENT ACADEMIC INSTITUTION WHICH IN NO
WAY CONNECTED WITH USG OR ANY OTHER CONSUMER COUNTRY.

7. EVENTUALLY AT US INITIATIVE WAS AGREED TO DEFER
CONSIDERATION THIS MATTER UNTIL NEXT BOARD MEETING.
IN INTERIM BELTRAO WILL WRITE FRIED, ASKING WHETHER

BROOKINGS WOULD BE ABLE SHORTEN TIME REQUIRED FOR STUDY. IF ANSWER POSITIVE, WHAT SAVINGS IN COST OF STUDY WOULD ENSUE. AS A PRACTICAL MATTER, THIS DECISION MAKES IT EVEN MORE UNLIKELY THAT COLOMBIAN PROPOSAL WILL BE ADOPTED.

8. FINANCE MATTERS ALSO DISCUSSED AT SOME LENGTH. ACTING CHAIRMAN OF FINANCE COMMITTEE REPORTED TO BOARD THAT DIVERSIFICATION FUND HAD AGREED TO CONTRIBUTE LIMITED OFFICIAL USE

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\$75,156 TO ORGANIZATION'S BUDGET. THIS WILL BE TREATED AS REVENUE ITEM WITH AS CONSEQUENCE, REDUCTION IN ASSESSMENT ON MEMBERS TO \$1,404,016 OR \$702.01 PER VOTE. HE ALSO ADVISED BOARD THAT SIZE THIS CONTRIBUTION BASED ON ASSUMPTION THAT LIQUIDATION OF FUND WOULD BE COMPLETE IN SEVEN MONTHS. HE REPORTED THAT FUND WILL REIMBURSE ORGANIZATION FOR ANY ADDITIONAL EXPENSES INCURRED, SHOULD LIQUIDATION TAKE LONGER THAN 7 MONTHS.

9. ON SUBSTANCE OF BUDGET FRANCE, BELGIUM AND ZAIRE ASKED SERIES OF QUESTIONS AND MADE STATEMENTS INDICATING THAT THEY THOUGHT PROPOSED BUDGET EXCESSIVE FOR ORGANIZATION WHICH LOSING ITS ECONOMIC FUNCTIONS. BELTRAO EXPLAINED AND DEFENDED BUDGET AT LENGTH AND EVENTUALLY BRAZIL AND COLOMBIA MADE SHORT STATEMENTS INDICATING THEIR SUPPORT FOR IT. US MADE SOMEWHAT LONGER STATEMENT, EXPLAINING SPECIAL CIRCUMSTANCES THAT APPLIED TO 1973/74 BUDGET. BOARD THEN RECOMMENDED BUDGET FOR ADOPTION, BUT FRANCE AND BELGIUM SAID THEY MIGHT NOT BE ABLE SUPPORT BUDGET IN COUNCIL UNLESS EXECUTIVE DIRECTOR PREPARED CONVINCING RATIONALE (AS PART OF COUNCIL RESOLUTION ADOPTING BUDGET).

10. FINANCE COMMITTEE RECOMMENDATION ON PROFESSIONALS (LONDON 7783) ADOPTED AND EXECUTIVE DIRECTOR WITHDREW HIS PROPOSAL ON CHANGE IN STAFF RULE 107.20 (SHIPMENT OF PERSONAL AUTOMOBILES AT ICO EXPENSE).

11. SCHEDULE OF MEETINGS ALTERED SLIGHTLY. NEXT SESSION OF BOARD POSTPONED UNTIL AM SEPTEMBER 24TH AT REQUEST OF EC CONSUMERS WHO ASKED TO HOLD CONSUMER MEETING ON SEPTEMBER 21 AND 22.

12. EXECUTIVE DIRECTOR ADVISED BOARD THAT HE HAS ARRANGED WITH UN TO RECEIVE REGULAR WEEKLY REPORTS ON ACCEPTANCES OF EXTENDED ICA. AS OF SEPTEMBER 5TH FOLLOWING COUNTRIES HAD SO NOTIFIED UN; CENTRAL AFRICAN REPUBLIC, FRANCE, DENMARK, GUINEA AND KENYA.

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